

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/103 W

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R 291719Z MAY 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9893

INFO USMISSION EC BRUSSELS

USDEL MTN GENEVA

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ETRD GATT FR

SUBJECT: AMBASSADOR DENT CALLS ON FINANCE MINISTER
FOURCADE.

1. AMBASSADOR DENT, ACCOMPANIED BY EMBASSY ECON/COMM
MINISTER AND DEPUTY ASSISTANT SECRETARY GLITMAN CALLED
ON GOF MINISTER OF ECONOMICS AND FINANCE, JEAN-PIERRE
FOURCADE, MAY 29. AMBASSADOR DENT NOTED THAT PRESENT
ECONOMIC CIRCUMSTANCES DIFFER FROM THOSE WHICH PREVAILED AT
THE TIME OF THE TOKYO DECLARATION. THEY DO NOT FAVOR
THE CONCLUSION OF A LARGE MTN PACKAGE IN THE NEAR TERM.
HE EXPLAINED OUR DESIRE FOR MORE RAPID PROGRESS AT THE
MTN AND SUGGESTED WE TRY TO REACH AGREEMENT AT THE
JULY TNC MEETING THAT BY THE TIME OF THE FOLLOWING TNC
MEETING IN NOVEMBER SPECIFIC NEUTRAL AREAS BE SELECTED
FOR PRIORITY ATTENTION AND AN ACCELERATED WORK PROGRAM.
HE GAVE AS EXAMPLES TROPICAL PRODUCTS, AN INDUSTRIAL
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STANDARDS CODE, AND AGREEMENT ON A TARIFF CUTTING

FORMULA. HOPEFULLY AGREEMENTS COULD BE REACHED ON SOME SPECIFIC ITEMS BY MID-1976. THIS PROCEDURE WOULD DEMONSTRATE THE POSSIBILITY OF ACHIEVING PROGRESS IN THE MTN AND HAVE PSYCHOLOGICAL IMPORTANCE IN RESTRAINING PROTECTIONIST FORCES. LATER AS THE ECONOMIC UPTURN GAINS MOMENTUM, WE CAN LOOK FORWARD TO ACHIEVEMENT OF OUR ORIGINAL OBJECTIVES.

2. FOURCADE AND HIS DIRECTOR OF FOREIGN ECONOMIC RELATIONS, BERTRAN DE MOREL, AGREED THAT ECONOMIC CONDITIONS ARE UNFAVORABLE FOR ANY MAJOR STEPS TOWARD GREATER TRADE LIBERALIZATION IN THE NEAR FUTURE. HOWEVER, THE FRENCH PREFERENCE, IN LIGHT OF THIS SITUATION, IS FOR LIMITED PROGRESS ON A BROAD FRONT WHICH COULD SOON WRAP UP THE TOKYO ROUND. THEN WHEN CONDITIONS WERE MORE FAVORABLE ONE COULD CONSIDER WHETHER TO BEGIN A NEW ROUND WITH MORE AMBITIOUS OBJECTIVES. THEY WERE SKEPTICAL THAT ONE COULD FIND NEUTRAL OR NEAR NEUTRAL SECTORS AS SUGGESTED BY AMBASSADOR DENT. THEY ALSO FELT IT WOULD BE DIFFICULT TO REACH A BALANCED AGREEMENT IN A LIMITED SECTOR, ESPECIALLY WITH REGARD TO NTBS.

3. AMBASSADOR DENT SAID HE HAD CONFIDENCE IN ECONOMIC RECOVERY AND WOULD SEE NO REASON WHY THE MAJOR PART OF THE MTN COULD NOT ADVANCE ALONG WITH THE RECOVERY. HE THOUGHT TWO PHASES OF ONE ROUND FAR PREFERABLE TO ONE SMALL STEP FOLLOWED BY AN UNCERTAIN SECOND ROUND. IF WE TAKE TOO SHORT TERM A VIEW WE WILL MISS AN OPPORTUNITY TO CONTRIBUTE TO IMPROVEMENT IN THE WORLD TRADING SYSTEM AND THUS TO STRENGTHEN ECONOMIC GROWTH PROSPECTS FOR ALL COUNTRIES. WE SHOULD RETAIN OUR AMBITIOUS GOALS AND MINISTERS SHOULD GIVE LEADERSHIP AND A SENSE OF DIRECTION.

4. REGARDING AGRICULTURE, THE FRENCH RAISED THE CEREALS PROBLEM. THEY SAID FRANCE IS WILLING TO SHARE IN THE BURDEN OF FINANCING STOCKS BUT IT SEES PROGRESS ON RESERVES LINKED WITH THE NEED FOR PROGRESS ON REGULATION OF PRICES AND MARKETS, SINCE STOCK-BUILDING LIMITED OFFICIAL USE

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AFFECTS PRICES. AMBASSADOR DENT AGREED THESE MATTERS ARE NOT UNRELATED, BUT HE BELIEVED THAT BECAUSE OF THE HUMANITARIAN PURPOSE OF THE CONSTITUTION OF GRAIN RESERVES THEY SHOULD BE TREATED IN A SEPARATE CONTEXT. FRENCH WERE REMINDED THAT WE HAVE ALREADY AGREED THAT RESULTS OF LONDON GRAIN TALKS WILL BE FOLDED INTO THE GENEVA NEGOTIATIONS.

5. BOTH SIDES AGREED TO KEEP IN CLOSE TOUCH ON MTN
QUESTIONS SO AS TO AVOID MISUNDERSTANDINGS. FOURCADE
HOPES TO SEE AMBASSADOR DENT IN SEPTEMBER EITHER IN
WASHINGTON AT THE TIME OF THE ANNUAL IMF-IBRD MEETING
OR IN PARIS.
RUSH

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